

**STATEMENT OF THOMAS K. STONE
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BEFORE THE HOUSE GOVERNMENT REFORM SUBCOMMITTEE ON
FEDERALISM AND THE CENSUS
UNITED STATES HOUSE OF REPRESENTATIVES
*“The Ohio Experience: What Can Be Done to Spur Brownfield Development
in America’s Heartland?”***

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INTRODUCTION

Good morning, Mr. Chairman, and members of the subcommittee. My name is Tom Stone. I am the Executive Director of Mt. Pleasant NOW Development Corporation. My organization is a community development corporation or CDC focused on housing and community/economic development. The agency’s service area is the Mt. Pleasant Neighborhood or Ward 3, one of the southeast communities of Cleveland. I am here today to talk briefly about the impact of Brownfields in Cleveland and about one specific Brownfield in my service area.

CLEVELAND INDUSTRIAL PARKS

A study conducted by the Cleveland Neighborhood Development Coalition Industrial Committee indicated that Cleveland has eight industrial parks. The combined total acres of the eight industrial parks was 569. Of the total number of acres, in 2003 only 88 acres were available for development of new industrial facilities. The study in 2003 indicated that 94 acres were slated for development. There appears to be and will continue to be demand for industrial space into the future. Therefore more acreage for industrial and commercial uses must be established. From the 94 acres to be developed, 1,416 jobs were to be retained or created. This equates to 15 jobs per acre.

The study further identified the next industrial areas within the city of Cleveland. Seventy-three (73) sites were identified. The sites had to be three acres or larger. Sites were categorized as vacant/non-productive or underutilized. The 73 sites represented 1,641 acres.

Allow me now to make some rough calculations to establish the economic value of these new sites. While we observed 15 jobs/acre created from the 94 acres previously mentioned, let’s be conservative and say only seven jobs per acre would be created on the new sites. That translates into 11,487 new or retained jobs. Using an average manufacturing annual wage of \$47,000, new payrolls to be taxed by the city would equal \$539,889,000. A 2% tax would generate \$10,797,780 in city tax revenue. If only 10% of the jobs are created annually, approximately \$1 million in tax revenues would be created.

The other benefits that will be derived by cleaning sites and making them available for development are as follows:

- Increased employment in the city
- A reduction of those needing public assistance
- Removal of blighted areas

SMALL NEIGHBORHOOD BROWNFIELDS

While the study focused on sites that were three acres and larger, there are many Brownfield sites located within neighborhoods that are smaller but could become community and/or economic assets. One example is a junkyard site located at E. 114th and Kinsman Avenue in Cleveland. The total size is 2.15 acres. Another interesting fact concerning this site is that it is immediately adjacent to Luke Easter Park. Luke Easter Park is the largest urban park in the state of Ohio at approximately 110 acres.

The junkyard site's former uses were an exterminating warehouse storing pesticides, an auto wrecking yard, a dry cleaning plant, a gas station and an embalmer's facility. The main determined contaminant on the site is Benzo Pryrene.

My CDC (Mt. Pleasant NOW Development Corporation) for two years has been pursuing a project to acquire and remediate the site to convert it to usable land. After the land is remediated, the plan is to develop it for commercial/retail space. The project costs are as follows:

• Cost to acquire land	\$137,000
• Cost to remediate	\$416,000
• Cost to determine scope of contamination	<u>\$ 50,000</u>
	\$603,000

To date, Cuyahoga County and the city of Cleveland have provided grant funds to cover the cost of the analysis to determine the scope of contamination. Mt. Pleasant NOW Development Corporation is currently requesting from the city of Cleveland a \$142,000 loan to purchase the site and demolish an old abandoned structure.

The remaining challenge to making the former junkyard a viable site is obtaining funding for remediation. In 2004, Mt. Pleasant NOW Development Corporation submitted an application to the Ohio Department of Development Assistance Fund for \$553,600 to acquire and clean the site. The application was rejected largely because at the time of application there was no end user for the site identified. If the sources for clean-up of Brownfield sites will continue to be limited to those sites that have an identified end user, these sites will continue to remain hazardous, unproductive eyesores in our communities. Also, if funding is not made available so that municipalities and non-profit organizations can acquire the sites, development of sites will continue to be hindered. Not to mention that this is an example of a blighted, contaminated site immediately adjacent to an important community asset Luke Easter Park.

This is just one example of many small Brownfield sites scattered throughout neighborhoods and communities in the state and the country. Securing significant funding to return Brownfields to productive use should be a major part of this country's initiative to strengthen America's cities.